

## **FINANCE**

(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schurlknight, District No. 6

A special **meeting** of the **COMMITTEE ON FINANCE**, Standing Committee of Berkeley County Council, was held on **Monday, May 17, 2010**, at 6:04 p.m., in the Supervisor's Conference Room, County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

**PRESENT:** Chairman Jack H. Schurlknight, Council District No. 6; Committee Member Phillip Farley, Committee Member Timothy J. Callanan, Council District No. 2; Committee Member Robert O. Call, Jr., Council District No. 3; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Dennis L. Fish, Council District No. 5; Committee Member Caldwell Pinckney, Jr., Council District No. 7; Committee Member Steve C. Davis, Council District No. 8; Supervisor Daniel W. Davis, ex officio; Mrs. Nicole Scott Ewing, County Attorney; and Ms. Barbara B. Austin, Clerk of County Council.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

Finance Committee Chairman Jack H. Schurlknight called the meeting to order. Deputy Supervisor Chip Boling provided the invocation. Committee Member Caldwell Pinckney led in the Pledge of Allegiance to the Flag of the United States of America.

**A. Ms. Nita Turner, Berkeley County Human Resources Director, Re: GASB 45 presentation.**

Ms. Nita Turner: Good evening everyone. We've been hearing a lot about GASB the last couple of years and one of the things that County Council had wanted us to do was to actually go over some of the basics so that everyone can fully understand why GASB 45 and why it's such a big deal and so that's really what we're really going to talk about today.

First of all, GASB stands for the Governmental Accounting Standard Board and is the one who actually regulates a lot of our county principles and it tells us how to establish and improve financial accounting and reporting in the United

States. It is kind of the Bible, if you will, of all of that. And they have different statements and the statement that they had is the GASB 45 statement - that's the one that's affecting all of us as far as our standards - and it's very important for Human Resources and for Finance for two different reasons.

What's happening here is when you're looking at other post-employment benefits other than retirement then that is what's covered under that - so that could be medical, dental, vision, life whatever you offer. The County happens to offer only one post-employment benefit and that is for health and dental care and we offer a set amount for that. And so the question would be, 'How does GASB 45 affect Berkeley County?' For the first time states, government and any local institute actually have to look at retirees and we have to actually calculate information not based upon the current year but any other liability that we might have for any of our health care or any other [inaudible due to cough] employment benefits that we have to pay. Moreover we also have to show that liability on our bottom line. We used to didn't have to do that, but we have to do that and we can [inaudible] details they have six different financial mechanisms whereby you can do that. We're not gonna touch on all of that today, we're just gonna really stay on the basic side and looking at that one of the things we wanted to do was see what state and local governments are doing nationwide. Some of the responses have been to do nothing; some have been entirely eliminating healthcare benefits. But the new GASB rule leaves states between a rock and a hard place for several different reasons and those are the reasons that we need to be concerned with.

First of all, it's very difficult to accurately predict their future rate of benefits. When you have a pension, you know exactly what you were paying in, you knew what you was expected to pay out. But if you look at GASB liability it's not only what we're paying on a monthly basis but it's also related to whatever cost that you're gonna have from your monthly cost. It looks at your experience rating and your experience rating drives up the GASB cost. Also it could likely require significant cut-backs in important services for some counties and some entities if we actually report the entire GASB liabilities in our books. For example, Berkeley County Water and Sanitation and the [inaudible] and we have an \$11 million liability [inaudible] so that's a lot of money that we're looking at. And counties also can respond by reducing the level of post-retirement benefits provided to county employees. A lot of people have been doing that just because they can't afford liability, especially in the latest recession periods. But it really

depends upon the options and depends upon the financial stability of the county or the state.

If on the other hand, let's say the county chooses not to pre-fund. This will provide future pressure from bond raters. And you've probably heard that from finance a lot. Now when they look at our bond rating they're gonna say, 'How healthy are our accounts?' and part of the health of our accounts is going to depend upon GASB 45 and how much of that liability we are funding. Are we required by law to fund it all? No. But the less that we fund, then the more it's gonna affect our bond rating.

Also if you look at current trends in health care and other non-compensation costs, if those continue the counties reach a point where health benefits for retirees can become unaffordable on a pay-as-you-go basis and basically we're talking about paying as you go [inaudible] month to month. And the reason why it's important for retirees is because with GASB you not only get the liability for your retirees you're paying liability for anyone that's still in your books who you are offering benefits to and you're also looking at liabilities for all of your current employees. So even though we may have cost [inaudible] for current employees if we offer a future potential benefit for them and carry them on our books, that effects GASB.

Also, rather than pre-paying these benefits through deposits for a trust fund, most local governments would look at appropriating money in their annual budgets for the annual premium which is called pay-as-you-go. That's what we used to do before. Actually, last year we looked at thinking about joining a trust fund, we looked at what was going on in the trust fund [inaudible] very interesting people pulled in, some have pulled out. The trust fund is a new mechanism if you will. A lot of people have recommended that for funding GASB but no one has yet said that's the way to go.

To be honest I don't think anyone quite knows which way to go. A lot of times those things are settled in the courts as you know. So that is one of the reason why GASB 45 is difficult to resolve. The amount of pension that will be paid to any retiree is a known amount, but once again, healthcare is not a known amount. You may know what their monthly cost is, but it's not just limited to their monthly cost. And also you don't know who's going to come in, you don't

know who's gonna come out, you don't know how many employees are gonna actually stay on your books.

For example, we have 75 employees who are participating in our retirees' benefits now. We have 375 employees who actually are no longer with the county who are eligible to participate, and then you have to look at our current employees who, if they have 10+ years, there is a group of those who could also be eligible as well. But you have to understand that these standards govern annual financial reports used by bond rating agencies. That's one reason why there's a push [inaudible] others to determine the physical health of the state and local governments.

Even though the law has been out there since 2004 the push has been getting greater and greater over the last couple of years for counties and states to do something. And one of the things to mention with the state health plan so that we know [inaudible] State Health Plan and with the State Health Plan the committee has gotten together and we realized that there's some limitations [inaudible] State Health Plan from what we can do. If you are under the State Health Plan, the State Health Plan mandates that you offer retirees benefits. We don't have a choice; that's all included in the plan. They do not require that you pay anything but they do require that you offer it. And it doesn't matter as long as they have reached the threshold of coverage and for the county ours is the 10-year limit, the state gets to be the last 5-years worked consecutively. As I mentioned earlier, if somebody pays \$175/month towards the cost of monthly premiums and they can use that for medical and dental, they can use it for just medical, they can use it for just dental, but it has to be – they have to participate in whatever plan we have. So [inaudible] participate in one of the plans we're currently offering and they wanted to go to a United Benefit Plan that we're not offering, then they would not be eligible.

We looked at what other South Carolina counties were doing, and really concentrated on the four largest counties in South Carolina, and Charleston is the only one that participates in the State Health Plan. If you look at Greenville, Spartanburg and Richland, you can tell that they're either self-insured or they're re-insured in their own individual plans. That has given them a lot of flexibility in what they're gonna do with GASB. Once again, if you are with the State you're gonna have to continue to offer healthcare to employees so we know that that would be a liability that we would have, we wouldn't have a lot of alternatives in

offering different type of medical care, or offering cheaper medical care – we'd have to offer what they offer. The only thing that we can control is how much we can offer each month as a benefit to employees.

Now, Spartanburg probably has the most unique idea of the four largest counties and what they actually did was put a medical clinic on-site. When they put a medical clinic on-site, they were able to significantly reduce their costs and they were able to see an improvement in their wellness care, they were able to just see a change in the way that their employees behaved. In fact, if they had a medical issue, they could go down to the nurse then and there – we didn't take it, they didn't take the money out and say, 'Ok, we gotta take 2 hours of your personal leave', they were able to see a doctor and sometimes the doctor is – most of the times, a Nurse Practitioner so I shouldn't say doctor, excuse me – they have a Nurse Practitioner and then the Nurse Practitioner would just send them back. If sometimes, you know – sometimes you have a headache, you have a major headache – they could say, 'Oh, it's your diabetes acting up', 'It's your sugar' – so there were a lot of basic problems they were able to fix and that actually improved their Workers' Compensation rate and some other rates. The good thing about this is there's no insurance claims that are filed so it doesn't lessen their experience rating because it's all in-house; there's no lost time due to employees going to the doctor: we've covered that. We tell employees 'We care about you so that time you're down at the clinic, we cover that', and then there were fewer rate increases on their major medical plan thanks to in-house medical programs.

Now, what impact will Healthcare Reform have? Well, we're not certain what the total impact will be on private healthcare carriers but we do know that the elimination of pre-existing conditions, change in the lifetime limits, and also the fact that they're going to have a re-insurance program for employees are some of those that are going to affect our GASB costs. And the reason is that right now our pre-existing condition limits is \$2 million. If we had individuals who are on our plan who have major illnesses, they can now stay on those plans for as long as they're living or as long as they want to be on our plan. If we had this same thing [inaudible] pre-existing condition. And then with the re-insurance program, what's happening with the re-insurance program is that the government until the year 2014 is guaranteeing that they will give a discount to employer and to employer's – we'll see that a little bit later - but that they'll give a percentage of money to us for those employees who are younger than 65 but older than 55, but one of the caveats – and you will see that on my next slide – is that they'll only

put \$5 million in that account and so is that \$5 million going to last all our employees until 2014? I don't think so. So that's not something I think we should count on, but once again weekly I'm getting information on the Healthcare Reform, looking at the interpretation....

Committee Member S. Davis: I want to stop you right there on that issue you just said. I've been following the news in relationship to our state, who refused to join in on Healthcare Reform on pre-existing condition, and the state of California - which there's even no comparison in relationship to population size - did sign [inaudible due to cough] relationship to them and it seems to me common sense that the greater number of individuals or states that join on to the pre-existing trust fund would affect the GASB tremendously.

Ms. Turner: It definitely would affect GASB and that's why some states are fighting it; the EIP is fighting it. Some of the states were supposed to implement in June at this point. I don't know if they're gonna implement, they're telling us 'no'; government's telling us 'yes', so it's a very stressful time now. I don't want to go into the details [inaudible due to cough] but you're right it's going to have a significant impact whether we chose to or whether we chose not to. And of course, can parts of the Health Reform Act be repealed? Absolutely. But that's one of the reason why it leaves us between a rock and a hard place. We know what the government said we have to do, but how long will it take in the courts for things to wash out the things that [inaudible].

And here are some other things that we can expect. I mentioned earlier about the elimination of lifetime benefit maximums but there's also going to be coverage for your adult children up to age 26. Right now our plans don't go that high; some plans cut people off at age 18. But now [inaudible] your adult children. I mentioned earlier about the elimination of pre-existing conditions. There also will be major changes to the Flexible Spending Accounts, to the Health Reimbursement Accounts, and to the Health Savings Accounts. Some of those accounts they're gonna eliminate entirely; some of them they're gonna change the amount that you can put in. So, for example, one of the things they're saying on the Flexible Spending Accounts is because of this new healthcare plan, you do not need to put as much into the account so they're actually going to lower what the cap is that you can put into those accounts. And that's one significant [inaudible] because the employees are not going to be able to [inaudible] - they're not going

to be able to put away through a pre-tax instrument the money that they can put away now.

There's also gonna be access to health insurance exchanges which means that the state is supposed to set up these clinics - and they have a Bronze, a Platinum, a Silver and a Gold - and then you will be able to chose a level of healthcare coverage [inaudible]. Your employees, meaning the County employees, would have a choice to take our insurance or the State's insurance and an interesting thing is that if they chose to take the State's insurance we end up having penalties so that means we better have good health plans or - we're gonna pay one way or the other. The State says, 'Ok, you don't want the Federal government' - once again and that's one of the areas where people are really looking at toward a repeal. We don't know where it's gonna go but I do think there will be changes in the law and that's one of the ones that we do not have to implement immediately but if you're talking about the adult children, you're talking about the lifetime maximums, you're talking about pre-existing - all of that information will be coming in sooner than later. As far as for Berkeley County we really do not have to implement any of those changes since January 1 because it's your first plan [inaudible] after September 13.

Committee Member S. Davis: Are we currently with the State Plan now?

Ms. Turner: We're with the State Plan now.

Committee Member S. Davis: So, we're with them other 4 large counties?

Ms. Turner: The other 4 large counties are not with the State Health Plan. Richland, Spartanburg, Greenville - right, they are the ones not with that plan and the good thing about that is that anybody who had a large plan, you are grandfathered in under the plan under the Health Reform Act so there is a lot more flexibility with the GASB if you had had that type of plan. Whatever you are in now, they're grandfathered in so, you know, that's a good thing. Other than that you'd have to deal with the unflexible [sic] rules of the Federal government.

Committee Member S. Davis: Well, what about the unflexible [sic] rule of the State government?

Mr. Turner: Well. Right, and it's both, because we have to follow what the State rules are and the Federal rules. And once again the implementation of the Retiree Reinsurance Program - and I put that in red because that is the one I don't think's gonna happen and that is just gonna take too much money to fund it, and I don't know where we're gonna get the money. And, but this gives you more detail about the Retiree Reinsurance Program I mentioned it but it's age 55-64 but those who are not yet eligible for Medicare. The program reimburses [inaudible] for up to 80% between \$15,000 and \$90,000 but once again did not set aside enough money [inaudible] to cover all the needs that we have.

So, what are some of the options we can look at? And these are some of the options for those who are not on the Committee that we've looked at and that's why I wanted to share these with the Council. One is to continue our current policy. Our current policy again is to offer those who are retiring who have been with the County for ten or more years, \$175/month to be able to pay for insurance if you take the insurance that is offered by the County, which currently is the State Plan. We can change our eligibility criteria, so that could mean to change the date, we could change more what we want for the new employees that come in - say new employees have one different plan and employees who are currently here opt to have another different plan. We can change the eligibility based upon the number of years that a person has worked or a number of years that a person would be eligible to begin the plan.

Committee Member S. Davis: All these options that you've put forward, though, is [sic] based on the premise that you stay in the State Plan.

Ms. Turner: All of these options that we've put forward are based on the premise that we stay in the State Plan, that is correct.

Committee Member S. Davis: So, there's no consideration of an option to remove ourselves from the State Plan?

Ms. Turner: Last year we looked at that as a consideration and option to move from the State Plan. This year with the changes in the Health Reform Act I would not say that it's the best year to be in a move because we're not so sure what's gonna happen and what they've done with grandfathering position versus another because - and I didn't want to get into details with this - but insurance companies are taking a different tact than companies. For example, Blue Cross and



Blue Shield is willing to offer us some benefits as of today that EIP's not taking without an additional cost.

Committee Member S. Davis: Yea, but it seems we're getting into a Catch 22. We don't get into no political debate or re-debate on the health care coverage that was done in Washington. We should be trying to do what's in the best interest of our employees here in Berkeley County. That should be our focus and no political agenda – what's in the best interest of the employees that have given service and time to Berkeley County. That should be our focus. And I hear your premise that last year the decision was made to stay in, but this was a field that was still in flux, the healthcare plan had not been passed – now it has been passed, it's still in flux but you know, I would hate for we be left [sic] at the train station waiting on the train and other states or other entities for their employees have move on [sic] and receive better benefits instead of us be [sic] lodged with the State because I can share what my personal opinion is of the State, I really have no credence in the State Health Plan and it would not surprise me that Blue Cross and Blue Shield how they're just parasite [sic] the citizens and workers for healthcare over the years would now make some sudden changes in anticipation of tryin to deter and keep all kind of options that you put forward on the board.

Ms. Turner: I totally agree with you. I totally agree with you.

Anyone else before I continue?

Ok. Other retiree – another thing we do is offer retiree coverage but pay nothing for monthly premium costs; offer retiree the flat rate contribution amount either at the point of retirement or over the course of employment or offer nothing to retirees. When Councilman Davis was talking last year [inaudible] talked about in GASB if you decide to go away from the State Plan we could offer an alternative medical plan to retirees; we could do more with - we used to do more with Health Spending Accounts. We won't be able to do that now because of the government reforms, but you could do more with Flexible Spending, you could do more with offering alternatives to retirees that we cannot under the State Plan.

Committee Member S. Davis: I think - Tim you had some suggestions about that last year, you had talked about employees, you know, who because of their age - and wellness program - those kind of options. Yes, I recall.

Committee Member Callanan: That was good. If I - my recollection last year was that there was a particular plan that was a high deductible but high contribution to a Health Savings Account which I'm guessing is not ...

Ms. Turner: Those are the most controversial now [inaudible] and even if we wanted to we can't now...

Committee Member Callanan: We can't now – if we'd done it last year we'd be grandfathered in but now we can't.

Ms. Turner: Exactly. That's the problem.

Committee Member Callanan: It was somebody who didn't want to do it last year, I just don't remember who that was.

Committee Member S. Davis: [inaudible]

Ms. Turner: And now we can't look in the past, we can't go back to where we didn't – we can't go back to the past we have to look at the present and so, there are some things we can do to if we are with the State Plan but we are more limited than we were.

Committee Member S. Davis: But we still have the option of leaving the State Plan.

Ms. Turner: We still have the option of leaving the State Plan. If we leave the State Plan the one thing that we will have to do is some of the things in the Health Reform Act would take place immediately for us that would not take place until 2-3 years if we didn't leave. That could be positive for employees and those were on some of the things for example would be if you're looking at pre-existing conditions - that would come sooner than later, it would be immediately. They're talkin about under the health plan if you go into the new ones then you would actually end up losing your – we wouldn't have to pay the deduction anymore – now he'll get deduction and the co-pay – the Healthcare Reform Act would have those types of changes.

Committee Member S. Davis: And you also immediately could keep insurance on your kid up to the age 26 which we currently cannot do and will not do on this existing plan that we have.

Ms. Turner: That's right.

Committee Member Callanan: That's immediate, isn't it?

Committee Member S. Davis: Nope, it's not. It's an option.

Ms. Turner: Let me answer this way. It is effective - we can now immediately do it if EIP would let us do it but it is now part of the EIP plan but because of this suit against the Federal government.

Committee Member S. Davis: Yep. So, it's like, our state has collaterally estopped - our state has collaterally estopped us from really getting involved in any benefits because on the one hand we're saying the health plan is unconstitutional so that their great benefits on it would negate and make their arguments in front of a bench of the Supreme Court moot because you can't argue one thing that's positive out of it and say that the other aspects are unconstitutional. So you know, California - a state got a lot of financial problems otherwise but I think they'll get it straight - have [sic] looked to me beyond the immediate policy- politics - and made the decision that their citizens would have immediate pre-existing condition; their citizens will have an opportunity for their adult children to have coverage up to age 26, but we have been put in a box here in South Carolina due to the decision of our Governor - outgoing Governor who is still Governor - that we're not going to be afforded the opportunities and we really gonna be at odds because if Henry McMaster becomes Governor, oh my god, he's [inaudible] a lawsuit as Attorney General and then he steps in the shoes as the Governor. My god. [laughter]

Committee Member C. Davis: The coverage up to age 26 - do they have to be in college?

Ms. Turner: They don't have to be in college. They are allowed to be married. They don't have to be living with you.

Committee Member Callanan: Cradle to grave. However, and I don't wanna get in a big political argument, the flip side of that is that all of those items - like the age 26, pre-existing conditions - are going to drive up premium costs and so by not implementing them now we avoid those expenses.

Committee Member S. Davis: Disagree. I just [inaudible] basis because of the numbers game. South Carolina - with its 6 million people - cannot compete with California which I don't know the population size but I promise you it's multiple, multiple times 6 million people and the reason that's important is because it's a numbers game and so the Federal government set up a Trust Fund based on numbers. That is no different than what we lawyers do with Workers' Comp when you got a group of bad people. It's no different than what the State of South Carolina been doing repeatedly for years - the bad drivers in the State of South Carolina are ready to put up a pool and make good drivers pay for bad drivers. So I disagree that the premium will go up - potentially it's going to tremendously go down - and the other benefit it's gonna have, it's gonna be a real benefit for our employees who have kids - I happen to have a kid that had a pre-existing condition, people are born with hyperplasia - and until you've been there you really don't know what to expect in a situation where you cannot provide medical coverage to your child that is life threatening. He's a miracle - where 80% of the kids that are diagnosed with hyperplasia, which he was born with 18 years ago, die. He's a 20% miracle. But you know how much hell it's been to get pre-existing to get coverage for him because of that pre-existing condition?

Committee Member Callanan: You're preaching to the choir about special needs kids.

Committee Member S. Davis: I'm not preaching to the choir because you have made a point to say that premiums costs is gonna go up and I'm saying that when the value of human life is really the paramount issue. That's what's wrong a lot of times is because you put a cost - you can't put a cost on human life.

Committee Member Callanan: I'm talking about pre-existing conditions on adults.

Committee Member S. Davis: No, they don't make no exception. Pre-existing - [inaudible] and I agree we got Medicaid stepped in and did that.

Committee Member Callanan: No. Pre-existing conditions on adults is eliminated in 2014 and that's the one that's gonna ream us because then you're gonna have a situation where folks are gonna jump onto the plan, you know, and not wait until they're sick to jump on the plan. Anyway, this is all – we can't do anything about it.

Ms. Turner: One thing that we can say for sure is that it will affect GASB.

Committee Member S. Davis: It will, it sure will. And in relationship to GASB on that same point, think about this: a pre-existing condition is something you actually can't predict the cost, and so in relationship to what GASB's put forth on the counter, my god, that [inaudible] exists and continue the way it is - that's a cost that's going to make GASB a nightmare for small counties and their employees.

Ms. Turner: Like I said it puts us between a rock and a hard place because we can't determine what that cost is gonna be; we don't have experience in rating everybody the way they want us to.

Committee Member Call: And, I've had this situation before where one of my children was cut off from their healthcare at 23 and had to go and get their own individual policy which was much more expensive than what it was when they were on my policy. So, it can cost a family – every time their children turn 23 – a lot more money if they have to come off the policy.

Committee Member S. Davis: Under the State Plan right now, Mr. Call, I pay \$471 a month for a healthy 25-year old and then I got 2 others. It's a tremendous cost. And then corporate drops them and then corporate say 'You got the option' but you're gonna pay \$471 and it could be more likely be as high as \$700 - it all depends on what corporate formula dictates but under this new plan if Berkeley County would come into the 21st century and forget about this other politics, we could create a situation where we don't get caught up in that instance and our young adult kids could have coverage which would be a tremendous assets [sic] to them and a tremendous savings to adult parents who realize that they gotta carry the kid beyond 18 or 21 years of age.

Chairman Schurilknight: Thank you, Steve. Thank you, Nita. Philip – do y'all have anything you wanna add to the Committee's standpoint. From what I'm

seeing, I think y'all probably to the point now we gonna try to give guidance on which way we need to go with this thing, or what can we do to help y'all come up with recommendations?

Committee Member Farley: The main thing that we need to do Jack is we need to set a grandfather date and then establish another date for employees that if someone's hired in the last 4-5 years or whatever, to make it to where they have to work 25 years before they have this post-benefit employment, post-employment benefits. Whereas 15 years or 10 years I think right now we have 270 employees with over 10 years of service, and that leaves us probably 700 below.

Committee Member S. Davis: But Mr. Farley, that still don't address all the issues and concerns.

Committee Member Farley: Right. Well, it will reduce our liability by a tremendous amount.

Committee Member S. Davis: Right, but you exposed otherwise on the other side.

Chairman Schurlknight: Philip, if we get this information to Council and just kind of read over it and kind of digest it a little bit and maybe bring it up on next months' agenda.

Committee Member S. Davis: Jack, can I make a suggestion? Can I make a suggestion? You don't have to go forward just my suggestion that this county – whoever brought this information, go a little deeper and can they bring us more pacific [sic] information as related to the Greenville, the Spartanburg, and the Richland plan?

Chairman Schurlknight: Well I think that's probably what we're looking for, for feedback from everybody after we done read over it. We're not gonna make suggestions tonight cause that's one of the things we need to look at exactly what you were saying ...we just need to come up with a list for Philip and them to kind of give them some guidance on which way we wanna go.

Committee Member Farley: Jack, there's one thing on that side 'Unique Idea' that says 'No lost time due to employees going to a doctor.' They're not going to a doctor, they're going to a Nurse Practitioner.

Committee Member S. Davis: Mr. Farley, you know what happens sometimes? Sometime's that's all you need. Because it's a perception. You know what that does to an employee that we got on-site medical care? That says Berkeley County Government cares about their employees. They do that at schools, you know – and it's been a long time since you've been to university – but you know they got an infirmity and a nurse is there and your kid go up to college and things happen and then they give them some immediate medical attention. Sometime that's sufficient, and sometimes if it needs to go beyond that, then it goes beyond it.

Committee Member Farley: Right, but if you go for surgery you want a Nurse Practitioner or do you want a doctor?

Committee Member S. Davis: You're talking about extreme surgery, I mean, surgery is extreme. That's not where the tremendous cost is at.

Committee Member Farley: Jack, get all that information to Council and we'll try to digest it and [inaudible].

Committee Member Pinckney: Let me ask a question in regards to that – but in order to have these different options like you talked about as far as a health clinic for employees that we would have to come off of the State Plan, right? We could not do that under the current plan that we're on, right?

Ms. Turner: That is correct. The current plan limits us to what we can do.

Committee Member Pinckney: What I'd like to see done as well is a list of advantages and disadvantages staying on and coming off as far as county employees here at Berkeley County is concerned and then I think with that kind of information we can make a more credible decision from my standpoint.

Chairman Schurlknight: Okay. What I'd like to ask everybody - any kind of suggestions y'all have if y'all would just email those to Nita so she can kind of collect all those up and Nita we'll stay in pretty close contact. Y'all feel like we

got enough information we'll go ahead and schedule our next meeting and kind of get this thing rolling. What kind of time limit is on this thing? Is this just out there, isn't it? Whether you can do or not do it, or whatever?

Ms. Turner: As far as putting out the liability we have to report it one way or the other on our financial statements. Kace can explain better how we have to report it, but the things that affect is what we need to do and the better the reporting is, the more that we either limit our liability, minimize our liability, or fund our liability [inaudible] State Plan.

Ms. Kace Smith: Last audit, the June 30, 2009, was the first year that we recorded that liability and that was \$1.7 million we had to report, so we will certainly have to report it again, and that's based upon our current benefits. Mr. Pinckney, just to pick up from what you said, whether we - if we stay on the State Health Plan, make no changes, we have options, we do have some options. We have options as Nita mentioned on the eligibility requirements. If we leave the State Health Plan, we have greater options. So it just kind of depends. We still have options either way.

Committee Member S. Davis: I'm text messaging my email right now. My email is, "Let's leave the State Plan." You can read it right now.

Chairman Schurlknight: Mr. Davis wants to look at the possibility of leaving the State Plan.

Committee Member S. Davis: That's my email.

Chairman Schurlknight: That'll work. We'll kind of play it by ear then. When that other information comes in, we'll schedule another one on it.

Committee Member Farley: [inaudible] supposed to give everybody a copy of that liability thing, a copy of it?

Chairman Schurlknight: That'll work great. [inaudible whispering] We'll wait for Mr. Farley to get back, and then we'll get everything... [inaudible whispering]



Ms. Smith: One more thing I did want to mention. Although we did record \$1.7 million in liability, we did not fund that amount so it is just a liability that sits right on the front of our financial statement.

Chairman Schurlknight: Okay. We'll just give Mr. Farley a few minutes to get back.

Committee Member C. Davis: Nita? If we leave the State Plan can we do that at any time?

Ms. Turner: If we leave it [inaudible] we are obligated to the end of [inaudible] part of the problem [inaudible due to background noise]

**B. Bill No. 10-20, an ordinance** providing appropriations for the fiscal year beginning **July 1, 2010, and ending June 30, 2011, for Berkeley County**; to provide for levy of taxes on all taxable property in Berkeley County for all county purposes; to provide for the expenditures of said taxes and other revenues coming into the county for the fiscal year.

Chairman Schurlknight: Okay, we got everybody back. Next on the agenda is the presentation of the budget. Kace, before we get started on it I just got a couple comments I'd like to make. The budget is balanced for the second year. We have no millage increases in the budget. Like to thank Kace and everybody that's involved in this budget process. We've spent quite a number of hours putting this thing together. Feel like it's a really good budget. We have no furlough days in the budget. Looks like we [sic] gonna be able to give a 1.5% COLA for the employees. In looking around at the tri-county area, looks like we [sic] in pretty good shape compared with Charleston, Orangeburg and some of the challenges that they're having over there. Kace, if you'd like to go ahead - and this is gonna be kind of a quick overview, would like you to give us some good highlights of it, and give us an opportunity to go back and sit down [inaudible] and break it open and start trying to digest everything in it.

Supervisor Davis: I'd just like to add a couple other things in addition to the things that you mentioned with the balanced budget and no millage increase and no cuts in services. We have now sort of reached a point with frozen positions, you know, we've had a freeze on positions in effect since November almost a year and a half ago and that number although I don't know exactly the number is

somewhere around 60 positions - nearly 10% of our workforce – so it's quite significant and we've had a lot of savings with that, but we've also reached the point where some of these positions now have become critical and I just wanted to point out that we have begun to add back some positions in the instance of, one example, is Roads and Bridges. We normally have 3 crews there, we were down to 1 crew – we, and this – is that right? We were down to 2 crews - but we're putting back 1 crew this year in the budget because it has become critical, they're just a little over-taxed. With this budget, again, is we continue to attack debt. We will at the end of Fiscal Year 2012 we will have no more lease-purchase debt, we will have now paid that off. And also our Fund Balance Restoration Plan is working very well, actually working a little better, I think we're going to achieve that quicker than what we anticipated and if you'll remember, we did – we passed a resolution establishing a 15% fund balance and that was in response to our bond rating agencies when they rated our bonds last year they said that we needed to maintain a fund balance – they didn't designate what – but Council adopted a 15% rate and so we will meet that probably next year. And also one key feature of this year's budget is, as has been recommended by the auditors several times, well actually I think probably for the last 10-15 years, that we need to - ever since we've owned Cypress Gardens - that we needed to have a funding mechanism for Cypress Gardens. As you know for a long period of time we just accumulated deficits there, at one time we paid that off and took that fund balance and we still have a small deficit but they have recommended each year that we have a funding mechanism. We are going to be able this year to recommend that we move 1 mil to Cypress Gardens and designate that mil for permanent funding and that will meet that recommendation, so all of that's included in this and also just real quickly the health insurance premiums have gone up about 15% and with all of this that includes – we have, of course, realized about a \$1.4 million reduction in state funding so our budget's actually - this year's gonna be slightly less than last year – about .2% - not much – but about .2%, so those are kind of the highlights.

Chairman Schurlknight: Yea, on that millage talking about Cypress Gardens, that's an existing mil that normally went to debt service so we get that down low enough so we gonna be able to take that existing mil and move it over, we didn't have to increase any kind of millage.

Supervisor Davis: Right, and as long as - and one of the things is as we pay down debt in the Capital Improvement Fund will help us address capital funding in the future which will allow us to ...

Chairman Schurlknight: It's gonna free up mils as we go through...

Committee Member S. Davis: In relationship to state funding, [inaudible due to cough] certain amount of money we receiving from state funding as we prepare to move forward with the budget.

Supervisor Davis: We only know year to year. The state could very well change that funding next year and...

Committee Member S. Davis: I mean for this budget that we're about to [inaudible] locked in.

Supervisor Davis: Yes.

Committee Member S. Davis: We don't have to go to Columbia this year?

Supervisor Davis: Well, I say yes but then, you know, they get back in session next January and whenever they're in session they are always able to ...

Committee Member S. Davis: Ok, as it stands right now we are [inaudible].

Chairman Schurlknight: Should be ok. Ok, Kace.

Ms. Smith: One more thing I wanted you to know – you may have just received a Actuary Study from Jennifer. I just wanted to make sure that you all received that.

We are very pleased to present to you the Supervisor's recommended budget for next year 2010-2011 [inaudible] to give an overview to you. We [inaudible due to cough] tonight a very detailed budget as listed by departments, sections in there for elected officials. We've also got a section in there for each department that [inaudible due to cough] budget for 2009-2010. We've listed the requests for next year and what [inaudible] to fund for next fiscal year.

Just to give you an overview, the current budget we have about a \$53.4 million budget this year. We're recommending just a slight increase, about \$112,000 to get it to \$53.5. This is the detail of those recommended revenues just

slightly more than last year. As has been mentioned we have, in the last several years, been cut about \$1.4 million of our state aid. We are starting to see some slight recovery in our Permitting revenue [inaudible due to cough] in addition here's the detail of the recommended expenditures for personnel. As Mr. Schurlknight mentioned, this includes a 1.5% COLA for employees to go into effect in July.

Committee Member Farley: Kace, how many employees do we have?

Ms. Turner: About 814 that are full time, so we have with full-time and part-time, a little bit over 1,000.

Committee Member Farley: And the COLA would apply to everybody?

Ms. Turner: No, that would apply to those [inaudible]

Committee Member Farley: The reason I'm thinking that is that I would almost like to recommend that instead of us doing 1.5% - and the reason I'm saying this - I'd recommend a flat fee across the board and the reason for that is that somebody making \$25,000, you give them 1.5% that's going to be a \$375/year raise; whereas somebody making \$75,000, they're going to get \$1,075/year - and who needs it more across the board? That's just my thoughts on it.

Committee Member Callanan: Can we - bouncing on that, can we get a - just the aggregate total of what that 1.5% is going to cost us? And then we'll just divide it by the employees.

Ms. Smith: And probably when you say that you're talking about what it's gonna cost tax dollars because remember the elected officials will pick up their portion of that. I'm trying to think if I have them off the top of my head. It's approximately - and we can get you a more final - off the top of my head I believe it's about \$320,000 - that would include benefits: retirement and mandatory taxes related to that.

Committee Member Fish: And that includes elected officials as well?

Ms. Smith: No sir, it does not. That would just be what's coming through – that does not include the elected officials.

Committee Member Fish: So elected officials could give their people more than that? Or less.

Ms. Smith: They can but they have the ability to give increases – I mean, they're given an allocation and they have flexibility within that allocation regardless whether, you know - is that not correct? The 320 is ...

Committee Member Fish: Like for example these people for days off last year, that's across the board including elected officials, right?

Committee Member Callanan: No.

Committee Member Fish: That was only for county employees only?

Committee Member Callanan: Oh, no, no, no ...

Ms. Smith: You all excluded deputies, so – that class.

Committee Member Fish: So everybody other than deputies got that ...

Committee Member Farley: Furlough. Money back from the furlough?

Committee Member Fish: Everybody got that paid back from the furlough except for deputies, is that correct?

Ms. Smith: That's correct. Everyone whose pay was reduced received that back. Yes.

Committee Member Fish: So why would we do this different than we treat those people?

Ms. Smith: I'm not understanding ...

Committee Member Fish: Well, if the paid off furlough days include all of the elected officials' employees, then why would be treat them different this time around?

Ms. Smith: We wouldn't but [inaudible] funding that increase. They'd have to fund it out of their own budget, out of their own allocation, unless Council wants to give elected's additional dollars for that purpose.

Committee Member Fish: But when you recommend 1.5% to all employees, that includes those people [inaudible]? I understand [inaudible] coming out of theirs but, I mean, it's across the board [inaudible].

Ms. Smith: Yes sir, that's correct.

Committee Member Callanan: But the \$320,000 figure you gave is only for county employees not elected officials and how many employees is that full-time? Do we know, Nita?

Ms. Smith: Are you saying how many are not in the elected's?

Committee Member Callanan: Yea.

Ms. Turner: As of Feb. 28, which is the last time our [inaudible] – you mean without [inaudible] total [inaudible] 696 eligible [inaudible]

Ms. Smith: No, he wants – I believe your question is how many...

Committee Member Callanan: I'm trying to figure out what the cost is per employee for the 1.5% increase.

Ms. Smith: An average cost?

Committee Member Callanan: An average cost per employee, and so the only way I can figure that out is to take this 320 and determine how many employees are included in that figure that are not elected officials. So that's fine, I don't expect you to have everything for us tonight, so don't worry about it.

Ms. Smith: But we can certainly calculate it - would you like us to calculate

that?

Committee Member Callanan: Yea, if you could just get me that number that would be great.

Committee Member Fish: Could you include that number also for all employees other than deputies in the Sheriff's Office. I'd like to [inaudible] Tim's request \$320,000 for anybody other than elected officials, what would it be for all employees and the total [inaudible] for all employees.

Chairman Schurlknight: So what you're lookin for is a number y'all can divide into that dollar amount to give you an average [inaudible] across the board, gave everybody the same dollar amount.

Committee Member Farley: I'd like to also know how much each of the elected officials had left over?

Ms. Smith: Well, I can tell you through June 30, 2009, collectively they had about \$981,000 left over in their fund balance. Now I do not know what they will have at the end of June of 2010. That's money they have kept, yes sir. And we can certainly give you a breakdown of that by department [inaudible].

Committee Member Farley: Please. [inaudible whispering]

Chairman Schurlknight: Any other questions before we continue?

Committee Member Farley: Why has the Probate's decreased by 4.35%?

Ms. Smith: Last year, 2009-2010, the Probate chose not to participate in the contract so he chose to be as a regular County Department. During the fiscal year he had some changes in his personnel and so we took him back when he had decided or we had been notified by him that he is interested in participating in the contract for 2010-2011, so we took him to his original funding mechanism which was we gave him 100% of his existing personnel – we gave him what he needs next year for personnel - and we gave him a portion of his operating.

Committee Member Farley: A portion?

Ms. Smith: Yes sir, just like we did with each of the other electeds, we gave them a portion, so if you'll look in the detail, if you'll look in the Elected Official tab you will notice that he's gonna have about a \$10,000 increase which is actually about a 1/3 of an increase in his operating budget for next year. [inaudible] point out what page that's on, that might help you better understand ...

Committee Member Farley: [inaudible] budget comparison of elected officials.

Ms. Smith: Well, it would be helpful to look at the details. So if you'll go to the tab that's labeled Elected Officials, which is EO14, and if you'll note that when you look at his operating expenditures this year he's been funded at \$32,000 and we're recommending next year at \$43,000. He had some changes in his personnel that greatly reduced his costs this year.

Committee Member Farley: It just looked like you were punishing him because he didn't participate last year.

Ms. Smith: Well, once we took him back to that original funding mechanism which was to give him 100% of what he needs next year for personnel, and we gave him his allotment for his operating expenditures.

Supervisor Davis: But that's how we started all the other elected officials off when they went with the contract, so it's consistent with the way that we did everybody.

Ms. Smith: Right, one of the interesting things that I believe he is one of the departments – and Marietta can help me to remember this - he no longer has lease-purchase payments out of that so he'll be able to utilize that condition even more so than operating expenditures.

Chairman Schurlknight: Kace, also on the Elected Officials we have what, 3 that's getting less this year than last year, in the budget? Probate Judge, Sheriff's Department – we're lookin at budget comparisons, first page under the tab.

Ms. Smith: But just as [inaudible] and it could be that [inaudible] have to count that is changed between the personnel and operating because they are getting collectively overall a slight increase. [inaudible whispering]



Chairman Schurlknight: It's showing Probate Judge as 4.35% less and the Sheriff's Department's .56% less.

Committee Member Farley: That's the detention center.

[inaudible]

Ms. Smith: Does anyone have any more questions on [inaudible]?

Committee Member Fish: With the Sheriff's Department, how many people does he have that's been funded through grants? How much money's that and when does that expire? That's not included in there.

Ms. Smith: If you'll - under the Elected Official tab if you'll, under the Sheriff, we've included all his grants there, so you'll see everything related to the Sheriff in there. He has several grants, I believe he's got 3 or 4 drug personnel, the DUI [inaudible] continually he's applied [inaudible]

Committee Member Fish: [inaudible] the concern is when that funding runs out, then we have to fund it. When is that - when's that occur?

Committee Member Callanan: Two years.

Ms. Smith: Well, it's an annual renewal, so he would be applying again for that.

Committee Member Farley: You said that was a DUI?

Ms. Smith: A DUI [inaudible] grant, yes, a highway grant.

Ms. Nicole Ewing: And, Mr. Fish, assuming that they continue to do the contract, Council would not be responsible for funding those, the Sheriff would be responsible for funding those out of his allotment.

Chairman Schurlknight: And that would provide some of the reserves that's left over.

[inaudible]

Supervisor Davis: You know, as these contracts work, they have growth like we do in the County, they're supposed to mimic what we do and so as they need new personnel, as they need to – in the instance of the Sheriff's Department – to pay for officers that he acquired, that he originally acquired through a grant, that money will go to fund that so that is his growth and that would be all of the elected officials' growth.

Ms. Smith: Also in the General Fund ... oh, does anyone have any more questions with Personnel? We didn't – we are are not recommending any expenditures out of the General Fund for capital. We have debt service [inaudible], the electeds are going to get about 18.1, about the same amount as they got last year. As you all know our revenues are about the same so our expenditures are about 53.5 which of course balanced to our revenues. We are recommending once again the Capital Improvement Fund. Unfortunately, our sales tax has gone down this year but you all know that. The State's only predicting about a 2% increase next year so we have built that in. We are recommending to you some of that \$500,000 for Economic Development, that's in Jedburg. We also are recommending that as you have done – as you approved last year in the 2009-2010 budget, that we use some of those funds for debt payment in the County. We'd also like to see that the Sheriff receive \$250,000 for his debt payments out of the General Fund. We've received over \$3 million in County capital requests and so are recommending \$1.3 - \$1 million - \$1 million to come out of the Capital Improvement Fund and Mr. Davis may be able to talk about the Emergency Tower need.

Supervisor Davis: Just a couple of weeks ago we experienced a major outage with our communications system that Fire and EMS share and it caused a good bit of concern. We – we had an evaluation of that system done. It has been some 10 or so years since we've had any major replacements of that equipment and the folks that looked at that system identified a good bit of need to bring that system up to a serviceable level. The estimate is about \$720,000. We have a number of computers that need to be replaced almost immediately so we felt like we had to reshuffle some money in the Capital Improvement Fund to address that need and so we've put aside \$150,000 that will solve this year's need but all totaled, we need about \$750,000 to deal with that. Now a good bit of that may

come from grants and we're going to apply for those, but we do need to address it almost immediately.

Ms. Smith: And the last item we've put down here is for Land Purchases. As you may remember during the – we had the Capital Facility Study and it talked about the need to purchase land as is available. We have a need for a library in the St. Stephen area and we've talked about having a combined library/Magistrate's office. In addition, we've also included dollars in there for courthouse parking to address that concern that was brought by the Clerk of Court at the last meeting.

Committee Member Fish: You're recommending to continue taking the Local Option Sales Tax as a part of your budget? What would happen if we only approve the \$500,000 for Jedburg, where's the rest of the funds come from and what is the lease-purchase cost if we don't do it?

Ms. Smith: The lease-purchase - I'm not sure - are you suggesting we buy county equipment with lease-purchase dollars?

Committee Member Fish: We buy - I think it's cheaper over a 5-6 year period than we're doing right now. I guess I'm set against doing a back door tax increase on our tax payers, on our constituents, by taking that. We agreed to do it originally the first time for Jedburg. We, I thought [inaudible] minutes we had sunset that over 1 or 2 years. We're past that time. And then, the original recommendation was that we approve it and find other ways to fund that.

Chairman Schurlknight: I'll tell you what we did. When we initially did that we were gonna vote it every year whether to use it or not. Mr. Fish are you saying that you want us to go back into debt with lease-purchase as we try to climb out of debt? Is that what you're recommending?

Committee Member Fish: No, what I'm saying is [inaudible] taxes [inaudible] back-door [inaudible]

Chairman Schurlknight: We're not tryin to back-door and we're not trying to cherry-pick it. Basically, I think it's pretty simple, you know: y'all already said you want to cherry-pick the \$500,000 for Jedburg, the 29%. Everything else under that I don't know where we're going to get the money to fund it.

Committee Member Fish: [inaudible] have to do the \$500,000, I understand that

Chairman Schurlknight: Now, the debt payment – we got to get the debt down. Sheriff needs to get his debt down, we got county equipment we got to buy...

Committee Member Fish: I understand that. [inaudible]

Chairman Schurlknight: The Fire Department is in dire straits communication. This is a major safety issue with rural fire departments.

Committee Member Fish: No one's challenging that. What I'm saying is that #1, the voters [inaudible over talk] approved in 96 to lower property taxes they approved that 1% sales tax and we agreed with that. And we agreed because the dire straits with the Jedburg project, we'd take that money. #1 if you take that, continue taking that, it's going against what the voters approved. That's a tax increase. If you wanna recommend a mil levy increase to cover this - other than Jedburg - make that recommendation. But what you're recommending is a back-door tax increase that the voter's already approved.

Chairman Schurlknight: It's not a back-door and I don't think anybody's said it's not a tax increase even though some people's quoted me as saying that, I never said that. I always said it was a tax increase, anytime you do the bottom line. Now, let me remind you now, a few years back – when we went through all this stuff, we had the Capital Improvements Plan, everything that came to us it was voted 7-1 in favor to use 29% on this Capital Improvements Fund, and we were gonna talk about it each year we were gonna look at what we were having to spend, and as we get some of this stuff taken care of, hopefully we can start getting some of this money back.

Committee Member Callanan: That's inaccurate.

Supervisor Davis: And I'd like to add. You know, 2 years ago this was brought to Council and Council voted, and I think the vote was 7-1, I think the only person who voted against it was Bill Crosby and he's not here now. You know, the Community Facilities Plan was brand new and we paid \$100,000 to find out what our community, what our facilities needs were, our capital improvement needs were going to be over the next years and at the time this was discussed it

really wasn't very controversial. 7-7, 7 members of County Council agreed that we were going to use this to address those community facilities needs as well as the \$500,000 for the Jedburg interchange. This budget is based on that recommendation as it was last year. It was said that we would review this each and every year, and that's fine - it has to be approved in the budget. These things that are included in the Capital Improvement Fund this year are some of the recommendations, for example, the land purchases - those were recommendations based on the Community Facilities Plans that we need that library in St. Stephen and the Magistrate's office. I think the courthouse parking was even identified in the Community Facilities Plan, if you'll remember at the last meeting I talked about how some of that will be alleviated once we are able to restore or rehab the old Health Department and move some of the courthouse offices over there. So, we did know that there were going to be some courthouse parking problems so, this still follows that but again it's a recommendation - if we're not going to do those things then we have to find the sources of dollars to do them and that's up to Council. Again, as I stated a couple of weeks ago, my job is to present the budget and the Capital Improvement Fund has been in effect for 2 years, so it's a part of the budget this year. But it's Council's decision and we'll just leave it with you like that.

Committee Member Call: I think the question in my mind, Mr. Fish, is - I don't think I hear you saying that you want to raise the millage?

Committee Member Fish: No, I'm not saying that.[inaudible] taxpayers voted for in 96.

Committee Member Call: Well, there's other taxes that don't accumulate [inaudible]

Committee Member Fish: I understand that. We need to [inaudible] that and call it what it is and either raise taxes [inaudible]. I'm against doing a back-door approach, taking money away that the voter's already [inaudible]

Committee Member Call: I understand that but are you in favor of a millage increase to replace the money?

Committee Member Fish: No.

Committee Member Call: So you're not in favor of either one?

Committee Member Fish: No. And [inaudible] passed 2 years ago [inaudible]

Committee Member Call: So you wouldn't vote for it if it was a milage increase?

Committee Member Fish: No, #1...

Committee Member Call: And you're not gonna vote for it ...

Committee Member Callanan: Don't ask him a question if you're not gonna let him answer.

Committee Member Call: Hold on. Hold on.

Committee Member Callanan: Don't point at me, either.

Committee Member Call: I'll do that [inaudible] you [inaudible] calm down.

Chairman Schurlknight: Tim, you can address everything to the chair. Go ahead, Bob.

Committee Member Call: You're telling me that you won't vote for it, either way.

Committee Member Callanan: Addressing the chair.

Committee Member Fish: This was approved 2 years ago, Mr. Call.

Committee Member Call: I understand that.

Committee Member Fish: Things are a whole lot different than they are today. #1, people are losing their jobs, and [inaudible] back-door taking money away from them that they – people are having trouble keeping their houses now so what's going to happen when the property tax, their taxes are going to go up [inaudible] That's not what we agreed to do. [inaudible]

Committee Member Call: What happens when this, you know, one year we got a couple hundred some thousand dollar credit from the state on the school tax, I believe, then you don't get it, so is that a tax increase when you don't get that discount? Is that a tax increase?

Committee Member Fish: No, not necessarily. #1, when you get a paycheck every month, you pay your bills. And all of a sudden if you get cut back on your pay, do you go out and borrow money to cover your bills? No. You adjust your living to live on what you're making and I don't see why government can't do the very same thing that we as individuals and our taxpayers have to do every day. [inaudible]

Committee Member Call: So you're saying take \$500,000 out of that 29% and then either cut other places or add millage to cover those debts?

Committee Member fish: If that's what it takes. \$500,000 I'm not happy about, but that's part of the economic development, that agreement we made for Jedburg. Contractually we can't get out of that. I can accept that and I'll take responsibility for that. The rest of that - absolutely not. [inaudible]

Committee Member Call: I was on Council when that promise was made, you understand that. And I was offended when it was [inaudible] Mr. Farley told me that this Council wasn't obligated to what a previous Council did. I mean, y'all were all in favor of breaking that promise. And now I hear and I see that it's getting this County out of debt and staving off tax increases maybe for years it may have been a wise promise at the time but to be able to pay off these debts and not have to raise taxes to buy that stuff.

Committee Member Fish: It's a tax increase any way you look at it, Bob. I don't care what you call it. [inaudible] word-smithing all you want to.

Committee Member Call: I mean, how many times you voted in favor of this?

Committee Member Fish. Twice. I'm not gonna vote again.

Committee Member Callanan: The issue I have is the comment was made twice that we voted for the Capital Improvement Plan. My vote was for 2 things: was first, because we were told that we were gonna lose the funding for 17-A if we did not come up with a funding source to pay for that, and the other issue was Jedburg. And the Jedburg money that's going in there, the \$10 million, you know all of – this is not cherry-picking when you look at both of those projects which are probably about, bring in about \$200 million worth of infrastructure for a \$30 million investment. Both of those projects I can defend. I just simply – I just don't think now is the time – and this is the argument – now is not the time for us to be spending more money. I understand that St. Stephen needs a new library. I get that, okay. But the fact of the matter is there's – you know, we may have to suck it up for a couple of years till we start growing again before we start building it and as with some of the other items on this list. If we have to look at the items that say, well what can we do to keep our costs down in the years when it's tight so we can give the residents back some money, the taxpayer back some money that they voted for, you know, those are the tough decisions that we make now. I just don't see it as a situation where we need to continue taking this money, I'm uncomfortable with it, I will easily defend the 17-A and the Jedburg and that's it.

Chairman Schurlknight: And, you know, this is always going to be a tough decision depending upon which way you look at it. And, you know, looking 5-10 and a half years down the road where the position you want the County to be in, as less debt as possible we start lookin at debt service and the percentage in our budget, you know, it's scary. Something's gotta be done about it. Does anybody else have anything else about Capital Improvements Fund?

Committee Member Pinckney: Let me say this. If, in fact, we were looking at a millage increase and we didn't have a balanced budget, then I could see the argument but - cause these are not just luxury things that we need, these are things that we need to continue to move the County forward. And, you said it's back-door, but to me it's just like having a savings account in that you got a major repair that needs to be done, there's nothing wrong with calling in the money that you have to do that if it has to be done and if it's going to improve or continue to enhance your living, so I have no problem with it, and if it comes right down to a vote, then that's what we do and let it be as is.

Chairman Schurlknight: Any other comments about the Capital Improvements Fund? Okay, Kace.



Ms. Smith: And that's the recommended budget. It's very detailed. We've

...

Committee Member Farley: Kace, I have one question. On [inaudible] that's HR Services Department?

Ms. Smith: It is, it's not the Human Resources Department itself, it's not their departmental expenditures, but that is where we put the amount for the COLA. [inaudible] That's where we put that recommendation in there, yes sir. It includes the benefits, as I mentioned. It's not with the salaries, we put it all in one location at this point in time. It's easily identifiable there for you all to see. [inaudible] Also in that HR services that's also where we have our retiree health insurance where we pay that out of as you may note, so this...[inaudible] HR is listed - this department is more of a county-wide department. Their department number is 41501, so GF32 for the HR department itself is listed with their operational expenditures.

Committee Member Call: Kace, I'm sure you don't have this in your head right now, but could you give us a figure of what that 29% less the Jedburg \$500,000 amounts to on a \$100,000 house?

[inaudible]

Chairman Schurlknight: Bob, I think what I'm going to do – might seem a little bit confusing - I was going to ask anybody has any suggestions for the budget, any kind of recommendations or changes to the budget, put that in writing and get that to Kace, whether it's email or whatever, just jot that down and we're gonna take a look at it and go with it from that point on.

[inaudible]

Chairman Schurlknight: Just send it to Legal. [laughter] Y'all can send it to my email address, it's [jack@jackforcountycouncil.com](mailto:jack@jackforcountycouncil.com) Send it to my email address and I'll get it on to Kace. [inaudible] Okay, Kace, anything else?

Ms. Smith: No sir.

Chairman Schurlknight: Okay, again I'd like to thank Kace and everybody for getting this budget together, a lot of work was put into this budget. If everybody would go back and look at, you know, if there's some recommendations that y'all would like to look it, email those to me. My email address is jack@jackforcountycouncil.com . Email em to me and I'll get it down to Kace.

The only other thing I have that I wanted to talk about briefly was this transparency that we talked about a couple of weeks ago at Council Meeting. What I would like to do is form a committee and I'd like to ask Mr. Fish if you and Cathy Davis would serve on that committee with me, and I'm gonna need a person from Finance, IT and Legal also on that committee. If it suits y'all I'll go ahead and get the other members and the thing that we [sic] gonna be charged with is – the biggest thing's gonna be cost. I think everybody here's wanting transparency as much as we can get but we're gonna have to look at costs, we're talkin' about a camera goin in Council Chambers, we'll have to look at how much it's gonna cost us to put it on the network, everything else, so there's a lot of things we have to look at that but we'll give it a real good shot at it and see what we can come up with on that and hopefully we can get the committee together by week's end and we'll shoot something out to y'all by email and then we'll kind of get together and dole out some more responsibilities [inaudible] present back to and Cathy if I could ask you, could you chair that committee for us?

Committee Member C. Davis: Sure.

Chairman Schurlknight: Good, thank you.

Committee Member Callanan: Couple of questions: Can I get the – and I don't know, it may be in here – the millage break-out and does the millage - are we including in here funding the Trident Tech expansion?

Supervisor Davis: No, there's no recommendation in the budget for Trident Tech. That's something Council [inaudible]

Chairman Schurlknight: [inaudible] that's something we gonna have to discuss and as we get into this process, that's something else to think about because we gonna be looking at if we did do something for Trident we'd probably looking at about 1/2 mil?

Committee Member Callanan: It was .9, wasn't it?

Supervisor Davis: Well, remember that there's a little bit left over from last year because we did not roll back the millage as we did all the other millages or the County millage, so they have a little bit – we put them, we told them about that so they're aware of it, so it won't be quite .9, but we think about 1/2 mil will take care of it. But we don't know – we don't know what figures they use for a mil what revenues would bring that back, we have better figures now on what actually a mil will bring back to the county.

Committee Member Farley: 1 mil will bring back now, what [inaudible]

Supervisor Davis: Well, we will have – we don't have it just yet – but it's close to, around \$650,000. That's an estimate.

Committee Member Farley: A conservative estimate?

Supervisor Davis: Yea, I'd say that's conservative.

Committee Member Callanan: So we don't have a projected millage break-out because we don't know?

Ms. Smith: Well, in the auditor's [inaudible] balancing to the treasurer's books not until the end of June and we, Finance, normally doesn't receive that break-down until sometime in July.

Committee Member Callanan: But if you're recommending or you're saying that debt millage will go down by a mil and operating would go – I guess, stay the same but when you add in Cypress Gardens go up a mil, so I mean, take my millage last year and that would be what we're estimating.

Ms. Smith: Yes sir.

Committee Member Fish: I missed that part of the meeting. Cypress Gardens will be funded with a mil?

Supervisor Davis: Yes. You weren't here then.

Committee Member Fish: That was the recommendation we made 3 yrs ago.

Supervisor Davis: Right, and we finally got that worked out so we're recommending that this year to – the auditor's have recommended that as discussed by Council and we're gonna achieve that this year.

Chairman Schurlknight: We're at the point with debt service – all that mil went towards debt service and we can afford now to put it in Cypress Gardens.

Any other questions, comments? I appreciate everybody coming out tonight and also our visitors and employees. Thank y'all for coming. It's always a joy that the people here participate, and if I can have a motion to adjourn, I'll accept it.

It was **moved** by Committee Member Callanan and **seconded** by Committee Member Cathy Davis to **adjourn** the special Committee on Finance Budget Workshop meeting. The motion passed by unanimous voice vote of the Committee.

The meeting ended at 7:31 p.m.

June 28, 2010  
Date Approved